



JON M. HUNTSMAN, JR.
Governor

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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

0002

June 21, 2007

Don Foot
Palladon Iron Corporation
554 South 300 East
Salt Lake City, Utah 84111-3509

Subject: Permit Amendment Approved, Exploration Drilling Program, Task #1840, Palladon Iron Corporation (PIC), Iron Mountain, M/021/008, Iron County, Utah

Dear Mr. Foot:

The Division has reviewed the amended plans for drilling at the Iron Mountain Mine. The plans are considered to be complete and you are hereby approved to begin the drilling operations as outlined in your Appendix H. We feel it important to remind you that in accordance with R647-4-108, the drill holes must be properly plugged or converted to water monitoring wells with the appropriate casing within 30 days of their being drilled. We will forward a copy of this approval to the BLM field office for their records. You must also acquire formal approval from the Bureau of Land Management, before beginning mining operations on federally managed land and/or minerals.

Even though no additional bond is required at this time, the surety will be reviewed periodically to assure that the bond remains adequate.

Please be advised that the State Division of Water Rights has certain requirements for developing and maintenance of water monitoring wells. The Department of Environmental Quality (DEQ) may also require certain permits for their operation.

Enclosed is a stamped approved copy of the amendment for your files. Please keep your plan current by submitting changes using Form MR-REV-att, which is located on the web at www.dogm.utah.gov.

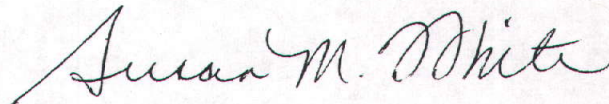
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Don Foot
Page 2 of 2
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Thank you for your help and patience in finalizing this permitting action. Please call me if you have any questions in this regard.

Sincerely,

A handwritten signature in cursive script that reads "Susan M. White". The signature is written in dark ink and is positioned above the printed name and title.

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:drh:pb
enclosure

cc: Ed Ginouves, BLM, Cedar City FO
P:\GROUPS\MINERALS\WP\M021-Iron\M0210008-IronMtn\Final\amendltreploration.doc

RECEIVED

Task ID# 1840

JUN 05 2007

Form MR-REV-att (DOGM – Revise/Amend Change Form)
(Revised September 14, 2005)

DIV. OF OIL, GAS & MINING

Application for Mineral Mine Plan Revision or Amendment**Operator:** Palladon Iron**Mine Name:** Comstock/Mountain Lion**File Number:** M/ 021 / 008

Provide a detailed listing of all changes to the mining and reclamation plan that will be required as a result of this change. Individually list all maps and drawings that are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise or amend the existing Mining and Reclamation Plan. **Include page, section and drawing numbers as part of the description.**

DETAILED SCHEDULE OF CHANGES TO THE MINING AND RECLAMATION PLAN

			DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED
9 ADD	9 REPLACE	9 REMOVE	Appendix H: Exploration Drilling Program
9 ADD	9 REPLACE	9 REMOVE	Drawing IM-0100-12, exploration drill hole map
9 ADD	9 REPLACE	9 REMOVE	
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I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments and obligations, herein.

Greg G. Hawkins
Print Name

Greg G. Hawkins
Sign Name, Position

6/5/07
Date

Return to:

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Phone: (801) 538-5291 Fax: (801) 359-3940

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DIV. OF OIL GAS & MINING

FOR DOGM USE ONLY:

File #: M/ /

Approved: _____

Bond Adjustment: from (\$) _____
to \$ _____

APPENDIX H
EXPLORATION DRILLING PROGRAM

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Exploration Drilling Program

In order to condemn areas for future mine waste dumping and milling operations, an exploration/condemnation-drilling program will be conducted to ensure that there are not significant ore deposits beneath the proposed areas. This will be done with four holes via reverse-circulation drilling in the locations noted on Drawing IM-0100-12. The holes will be a maximum of 500 feet deep, depending on conditions. The holes are expected to encounter water, at a depth of 100-200 feet, approximately (see section 7).

Reclamation of the drill sites will occur at a time in which the holes are no longer deemed necessary, but not immediately after drilling. Some or all of the holes may remain open to be used as monitoring wells to track any changes in groundwater due to operations.

The drilling areas are all on previously disturbed ground. Three of the holes are located on ground without topsoil (labeled "M1", see Drawing IM-0100-2). The fourth hole (labeled as PAL 3) is in an area labeled as "M2 - reclaimed mine site - disturbed soil" in Drawing IM-0100-2. Topsoil in this area will be stockpiled and replaced as needed. All areas that will be disturbed will be returned to natural conditions of vegetation based on section 9 of this report. The maximum disturbed area by each drilling area is 40' x 60', or 2400 square feet.

Down-hole reclamation is based on DOGM standards. Surface plugs are a standard rate of \$200 dollars. Reclamation of wet holes is done at a rate of \$4.50 per foot, plus surface plug, plus drill mobilization fees of \$5,000. Based on this, the maximum down-hole reclamation cost is \$14,200. Surface reclamation of 0.22 acres, estimated at \$2500/acre, would cost \$550. Therefore, the total cost of reclamation would be \$14,750. Since this figure is much less than 5% of the reclamation bond total, the bond amount does not need to be changed.

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APPENDICES

- A. RECLAMATION/SURETY CALCULATIONS
- B. WATER QUALITY/STORM WATER RUNOFF ANALYSIS
- C. MINING & RELAMATION PERMIT REVISION APPLICATION
- D. TOPSOIL AND ACID POTENTIAL SAMPLE ANALYSIS
- E. OPERATINGPRACTICES UNDER R647-4-107
- F. SLOPE STABILITY FOR NEWLY PERMITTED AREAS
- G. LETTERS OF RESPONSIBILITY
- H. EXPLORATION DRILLING PROGRAM

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DRAWING INDEX (Continued)

<u>DRAWING NO.</u>	<u>SHEET NO.</u>	<u>TITLE</u>	<u>AREA</u>
IM-0100-4	1 of 2	Facility Map	E ½
IM-0100-4	2 of 2	“ “	W ½
IM-0100-5	1 of 1	Hydrological Basin Drainage Map	All
IM-0100-6	1 of 1	Topographic Base Map	All
IM-0100-7	1 of 1	Geologic Column/Explanation	All
IM-0100-8	1 of 1	Geological Map	All
IM-0100-9	1 of 1	Pre-Act Disturbance Areas	All
IM-0100-10	1 of 1	Property Map	All
IM-0100-11	1 of 2	Groundwater Contour Map	E ½
IM-0100-11	2 of 2	Groundwater Contour Map	W ½
IM-0101-1	1 of 1	Cross Sections A-A'/B-B'	6
IM-0101-2	1 of 1	Cross Sections C-C'/D-D'	6
IM-0101-3	1 of 1	Cross Sections E-E'/F-F'	6
IM-0101-4	1 of 1	Cross Sections G-G'/H-H'/J-J'	5
IM-0101-6	1 of 1	Cross Sections T-T'/U-U'	3
IM-0101-8	1 of 1	Cross Sections M-M'/S-S'	5
IM-Load out	1 of 1	Iron Mtn Comstock Load Out Area	6
IM-0100-12	1 of 1	Mine Relamation Plan for Exploration Drilling Program	All